

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 98-454

July 7, 1998

BIDDEFORD & SACO WATER COMPANY
Application for Approval of Issue
of Securities (§ 902) (\$2,700,000)

ORDER APPROVING
ISSUE OF SECURITIES

WELCH, Chairman; NUGENT, Commissioner

On June 15, 1998, the Biddeford & Saco Water Company filed with the Commission its application for authority to issue its First Mortgage Bonds Series M in a sum not to exceed \$2,700,000. The bonds will be privately placed with CoBank, Denver, Colorado.

The Company's proposed use of these funds is as follows: (i) refinancing \$1,950,000 of its (Series K 9.25%) long term bonds currently scheduled to come due on May 1, 2005; (ii) "permanently refinancing" \$465,000 in short-term debt; and (iii) replacing components of its flocculation system at an estimated cost of \$300,000.

The bonds will have a maturity of 16 years and a fixed interest rate equal to the yield on the 15 year Treasury Bond plus 1.60%. The current yield on the 15 year Treasury Bond is 5.51%, and if this rate were unchanged at the time of closing, the Company's borrowing rate would be 7.11% (5.51% plus 1.60%). The purchase of the bonds will be capitalized in accordance with CoBank bylaws and its capital plan and, as such, the bonds will be eligible for patronage refunds. The Company will lock in its interest rate at closing and will inform the Commission of its final loan terms.

Having reviewed the application of the Biddeford & Saco Water Company together with data filed in support of it, it is the opinion of the Commission that the proceeds of the issuance of the bonds are required in good faith for the purposes enumerated in 35-A. M.R.S.A. § 901. In approving this securities issue, consistent with normal practice and pursuant to section 902(4), the Commission does not imply approval of the Company's capital needs or capitalization ratio for ratemaking

purposes, nor does this Order limit or restrict the powers of the Commission in determining or fixing any rate.

Accordingly, we

O R D E R

1. That the Biddeford & Saco Water Company is hereby authorized to issue its First Mortgage Bonds Series M in a sum not to exceed \$2,700,000 to be used solely for the purposes described in this Order, and at a fixed rate equal to the yield on the 15-year Treasury Bond at time of closing plus 1.60% through CoBank, Denver, Colorado for a term not to exceed 16 years.

2. That the Biddeford & Saco Water Company report to this Commission, in writing, its doings pursuant to this Order within sixty (60) days of the date of the sale of the proposed bonds, or by October 1, 1998 whichever may come first.

3. That the Administrative Director is hereby directed to mail an attested copy of this Order to interested parties and to close this Docket.

Dated at Augusta, Maine this 7th day of July, 1998.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: WELCH
NUGENT